

**MAXIMUM BASE MORTGAGE CALCULATION
STANDARD 203(k) PROGRAM
PURCHASE TRANSACTION**

Step 1	Establishing Financeable Repair and Improvement Costs, Fees and Reserves	
A.	Repair and Improvement Costs and Fees Total (sum of A1 thru A7)	\$ _____
	1. Costs of construction, repairs and rehabilitation	\$ _____
	2. Architectural or Engineering Professional Fees	\$ _____
	3. 203(k) Consultant Fees	\$ _____
	4. Inspection Fees (work Performed during Rehabilitation)	\$ _____
	5. Title Update Fees	\$ _____
	6. Permit Fees	\$ _____
	7. Feasibility Study when necessary	\$ _____
B.	Financeable Contingency Reserves	\$ _____
C.	Financeable Mortgage Payments Reserves	\$ _____
D.	Financeable Mortgage Fees Total (Sum of D1 and D2)	\$ _____
	1. Origination Fee (Greater of \$350 or 1.5% of (sum of 1A, 1B and 1C)	\$ _____
	2. Discount Points on 1A	\$ _____
E.	Total Rehabilitation Costs, Fees and Reserves (Sum of 1A, 1B, 1C & 1D) = "Step 1 Total"	\$ _____

Step 2:	Establishing Value	
Adjusted As-Is value		
A.	Purchase Price	\$ _____
B.	Inducement to Purchase	\$ _____
C.	Purchase Price Less Inducement to Purchase	\$ _____
D.	As- Is Property Value (When an As-Is Appraisal is performed)	\$ _____
E.	Adjusted As-Is Value = Lesser of 2C or 2D	\$ _____

After-Improved Value		
F.	Appraised Value (subject to repairs and Improvements)	\$ _____

Step 3:	Calculating Maximum Mortgage	
A.	Step 2E + Step 1E (Adjusted As-Is Value + Step 1 Total)	\$ _____
B.	Step 2F (i.e. After- Improved Value) X 110% (or 100% for Condominiums)	\$ _____
C.	Lesser of 3A or 3B (\$ _____) x 3F _____% (Appropriate LTV Factor)	\$ _____
D.	Nationwide Mortgage Limit	\$ _____
E.	Base Mortgage Amount = Lesser of 3C or 3D	\$ _____

F.	Determining Loan-To-Value Factor for Maximum Mortgage Eligibility			_____%
	Basis	Criteria	Maximum LTV Factor	
	MDCS	At or above 580	<input type="checkbox"/> 96.5%	
	MDCS	Between 500 and 579	<input type="checkbox"/> 90%	
	Secondary Residence	With HOC Approval	<input type="checkbox"/> 85%	

Mortgagees must consult HUD Handbook 4000.1 for detailed guidance on 203(k) loan transactions.

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Step 4	Calculating the LTV for Application of Annual MIP	
A.	MIP LTV = 3E divided by 2F (i.e. Base Mortgage Amount divided by After Improved Value)	_____ %

Step 5:	Establishing the Rehabilitation Escrow Account	
A.	Repair and Improvement Costs, Fees & Reserves (Step 1 Total)	\$ _____
B.	Initial Draw at Closing Total (<i>sum of B1 thru B7</i>)	\$ _____
	1. 203K Consultant Fees	\$ _____
	2. Architectural or Engineering Fees	\$ _____
	3. Permit Fees	\$ _____
	4. Origination Fee(Step 1: D1)	\$ _____
	5. Discount Points (Step 1: D2)	\$ _____
	6. Material costs for items ordered & prepaid by Borrower/or contractor (under contract for delivery)	\$ _____
	7. Up to 50% of materials costs for items ordered but not yet paid for (under contract for delivery)	\$ _____
C.	Rehabilitation Escrow Amount Balance (Future Draws) = 5A minus 5B	\$ _____

Notes:

MDCS = Minimum Decision Credit Score

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